



# Getting in the Market - 5 Step Plan todaytonight

## Overview

[\*as seen on Today Tonight]

- This basic plan has been created as a guide for people with no [or small] deposit and low income who are looking to buy their first property in today's current property market.
- The overall aim is to buy a property that you can afford rather than continuing to rent.

### 1. Budget & Auto Savings Plan

- Know where your money is going! Map out all of your expenses, decide how much of your monthly income you can save and set up an automatic savings plan. In most cases if you don't make it automatic you'll spend the money. One way is to set up savings account that automatically debits the money each month just after you receive your pay.

### 2. Calculate Borrowing Capacity & Deposit Required

- Engage a Finance Broker to help you calculate your maximum borrowing capacity. Remember this doesn't mean you should get the biggest loan possible. You should borrow only what you know you can afford to pay off. Ensure you factor in a rate rise of 1% to be safe.
- Determine how much deposit you need to buy a property, then set about trying to save as much as you can.

### 3. Determine Your Buy Price

- Based on the numbers work out your 'buy price' [price of a property that you can afford based on your borrowing capacity and savings]. This will help you to focus on researching suburbs that have properties for sale in your price range.

### 4. Consider Partnering

- With today's properties selling at all time high prices it can be virtually impossible for people starting out to save a big enough deposit or to afford the ongoing repayments of a home loan on their own. One increasingly popular way to overcome affordability issues is to partner with others:
  - With Friends - Use two incomes to service a home loan. The friends may live in the properties together; one friend may live in the property and pay the other partner rent, or the property can be rented for a period of time to help to cover costs.
  - With Parents - Parents can help out their children by using some of their built up equity to 'gift' enough money for a deposit on a property
  - With Bank - Shared Equity Loans allow you to partner with the bank. They will lend you 20% interest free delaying the costs of this portion of the loan until you sell the property. This type of loan can allow you to buy a property worth up to 25% more without increasing your repayments. \*For an increasing number of people that extra 25% can mean the difference between getting in the market or being priced out.

### 5. Buy Your Home

- Be prepared to look at many properties. Some Finance Brokers can provide you with sales data allowing you to better calculate the market value. Negotiate hard!
- Stick to the figure and don't overspend.

This plan has been simplified and should be used as a general guide only. For assistance specific to your financial situation or for any other enquiries please contact us on 08 8451 1500